

Quiz 7

Microeconomics - EC 2106

Fall Semester 1999

Instructor: Robert McNab

Name: _____

Score: _____

INSTRUCTIONS: Read each question carefully before answering the question. For multiple choice and true/false questions, please choose the most accurate answer. For questions requiring you to show your work, ensure to include sufficient detail to receive full or partial credit. You will have 10 minutes to complete this 10 point quiz.

1. Fill in the following chart (5 Points):

L	Q	TVC	TFC	TC	AVC	AFC	ATC	MC
0	0							
1	4	20		100				
2	10	38						
3	20	50						
4	28	70						
5	36	100						
6	40	150						

2. Assume that $MC > AVC$ but $MC < ATC$. Is ATC increasing or decreasing (2 points)?
3. In the space provided below, illustrate the MC, ATC, AVC, and AFC cost curves for a typical firm (3 points).

Answer Key

1.

L	Q	TVC	TFC	TC	AVC	AFC	ATC	MC
0	0	0	80	80	--	--	--	--
1	4	20	80	100	5	20	25	5
2	10	38	80	118	3.8	8	11.8	3
3	20	50	80	130	2.5	4	6.5	1.2
4	28	70	80	150	2.5	2.9	5.35	2.5
5	36	100	80	180	2.78	2.2	4.99	3.75
6	40	150	80	230	3.75	2	5.75	12.5

2. Decreasing

3. See Chapter 22 for graphs of ATC, AVC, AFC, MC